

**Introduced by Senator Hollingsworth**

February 27, 2009

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An act to add Sections 17041.7 and 23151.7 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 568, as introduced, Hollingsworth. Income and corporation taxes: capital gains.

The Personal Income Tax Law and the Corporation Tax Law provide that gain or loss upon the disposition of a capital asset is determined by reference to the adjusted basis of that asset.

This bill would, for taxable years beginning on or after January 1, 2009, allow a taxpayer to elect to pay a tax on the sale or disposition of any capital asset, as defined, that results in a net capital gain, as defined, in an amount equal to 2% of the total net capital gain, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17041.7 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17041.7. (a) For each taxable year beginning on or after
- 4 January 1, 2009, in the case of the sale or exchange of any capital
- 5 asset, as defined in Section 1221 of the Internal Revenue Code, a
- 6 taxpayer may elect to pay a tax in an amount equal to 2 percent of

1 any net capital gain, as defined in paragraph (11) of Section 1222  
2 of the Internal Revenue Code.

3 (b) Any tax on net capital gain paid by an electing taxpayer  
4 pursuant to this section shall be in lieu of any other tax that would  
5 otherwise be imposed on the net capital gain by this part.

6 SEC. 2. Section 23151.7 is added to the Revenue and Taxation  
7 Code, to read:

8 23151.7. (a) For each taxable year beginning on or after  
9 January 1, 2009, the sale or exchange of any capital asset, as  
10 defined in Section 1221 of the Internal Revenue Code, a taxpayer  
11 may elect to pay a tax in an amount equal to 2 percent of any net  
12 capital gain, as defined in paragraph (11) of Section 1222 of the  
13 Internal Revenue Code.

14 (b) Any tax on capital gain paid by an electing taxpayer pursuant  
15 to this section shall be in lieu of any other tax that would otherwise  
16 be imposed on the capital gain by this part.

17 SEC. 3. This act provides for a tax levy within the meaning of  
18 Article IV of the Constitution and shall go into immediate effect.